

DOCKET NO. CV14-6053296-S

GEORGE JEPSEN, ATTORNEY
GENERAL

Plaintiff

v.

AMISTAD AMERICA, INC.

Defendant

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SUPERIOR COURT

JUDICIAL DISTRICT OF HARTFORD

August 11, 2015

**MOTION FOR APPROVAL OF PLAN
FOR SALE OF THE VESSEL S/V AMISTAD
AND WIND UP OF RECEIVERSHIP**

Plaintiff, Attorney General for the State of Connecticut, moves the Court for approval of the plan set forth in this motion for sale of the sole remaining asset of Amistad America, Inc., the schooner S/V AMISTAD.

A. Directed Sale to Discovering Amistad, Inc.

The Attorney General proposes a directed sale of the AMISTAD at fair market value to the newly formed Connecticut nonstock corporation, Discovering Amistad, Inc. *See* Certified Copy of Certificate of Incorporation at Exhibit A. This Court has authorized an appraisal by an independent and well-qualified appraiser to determine the fair market value. *See* Exhibit B. The Attorney General posits that directed sale of the ship at fair market value is in the best interest of the charitable purposes to which the vessel is dedicated and in the best interests of the creditors who have filed claims in this receivership action.

1. Preservation of Charitable Interest as the State's Flagship

The State of Connecticut has a significant interest in preserving the AMISTAD for its intended educational purposes. The State provided significant funds for the construction of the

AMISTAD, and then contributed annually for its operation since the ship was launched. The AMISTAD was constructed at Mystic Seaport, Connecticut's internationally recognized working maritime museum and shipyard, and is a reproduction of the 19th-century Spanish Baltimore Clipper used to transport slaves. The intent of the Legislature in funding the construction and operation of the AMISTAD was to further the goal of informing the public about the 1839 uprising against the crew of the AMISTAD, and the United States Supreme Court case that arose from that uprising, as a means for advancing knowledge of the broad struggle for human rights generally. After funding construction of the AMISTAD, the State enabled the corporation subject to this receivership action to hold title to the AMISTAD and to operate it for the charitable purpose intended by the legislature and for use by the corporation as the State's flagship and tall ship ambassador.

Amistad America, Inc. held the ship in trust for its intended public and charitable purposes. *See Blumenthal v. White*, 43 Conn. App. 365, (1996) (all dedications of property to charitable uses or purposes are referred to as 'charitable trusts' and are protected under the same body of laws applicable to charitable trusts); *see also Herzog v. Univ. of Bridgeport*, 243 Conn. 1 (1997). Amistad America, Inc. abused the State's and the public's interest in this important charitable asset by neglect and by engaging in conduct detrimental to its obligation to manage and operate the AMISTAD for its intended charitable purposes.

In Connecticut, property dedicated to public and charitable use, must remain forever committed to that intended use. Conn. Gen. Stat. § 47-2. Connecticut law highly favors employing "every reasonable intendment" to sustain charitable uses for their intended benevolent purposes and takes special care to protect charitable property from abuse. *Ministers & Missionaries Ben. Bd. of American Baptist Convention v. Meriden Trust & Safe Deposit Co.*, 139

Conn. 435, 448 (1953); *First Congregational Society of Bridgeport v. City of Bridgeport*, 99 Conn. 22, 30 (1923).

As set forth in the Complaint initiating this receivership, the Attorney General brought this action to secure and protect the AMISTAD for its charitable purposes and to safeguard the public's interest in this important charitable asset. To enable development and implementation of a plan for new governance and operation of the AMISTAD in accordance with its intended public and charitable purposes, the State, with the concordance of the Court, convened a group of community leaders with diverse expertise related to nonprofit development and maritime operations as an Amistad Advisory Committee to recommend models for responsible future operations and programming for the ship. *See* Docket Nos. 125.86 and 130 approving the Receiver's cooperation with the Advisory Committee and acknowledging the Advisory Committee Recommendations. The Advisory Committee found and recommended:

... that a new charitable organization with a responsible governance structure and good fiscal planning can maintain and operate the S/V AMISTAD as a meaningful state flagship, resonating an inspirational moment in the State's history, and providing important teaching opportunities to Connecticut's public. The new operating organization should demonstrate in its certificate of incorporation and governing documents compliance with the highest standards of fiduciary and fiscal responsibility, and be obligated to provide annual reporting to the State that demonstrates compliance with these standards, thereby avoiding the repetition of Amistad America's sad history.

Advisory Committee Mission and Recommendations, Exhibit C, pg. 4.

The Advisory Committee continued working toward implementation of its recommendations through a subcommittee that developed governing documents for the new organization anticipated by the recommendations. The subcommittee worked with the *pro bono* guidance of a Connecticut law firm with expertise in nonprofit governance and strategic planning. The resulting governing documents for the proposed new charitable corporation called

Discovering Amistad, Inc. were approved by the Court on July 16, 2015. Docket No. 142.86. Discovering Amistad, Inc.'s incorporation was confirmed by the Secretary of State on July 31, 2015. *See* Exhibit A.

Discovering Amistad, Inc.'s incorporators are experienced leaders in Connecticut nonprofit governance and philanthropy. One of the incorporators founded and served for many years on the governing board of a financially sound and operationally successful Connecticut educational charity that operates a maritime vessel in Long Island Sound. The incorporators will serve as initial directors of Discovering Amistad, Inc. They are interviewing and recruiting additional directors as provided for in the bylaws for Discovering Amistad, Inc., as approved by the Court. Discovering Amistad, Inc.'s mission corresponds to the recommendations of the Advisory Committee, and the incorporators have adopted the Advisory Committee recommendations as guidelines for its operations and management of the AMISTAD.

The State has demonstrated commitment to restoring the AMISTAD to the charitable purposes to which it is dedicated by allocating funds for the ship in its recently adopted biennial budget for 2015-2017. In addition, the State has pledged to grant sufficient funds to Discovering Amistad, Inc. to purchase the AMISTAD from the corporation in receivership at fair market value. The fair market value shall be as determined by an appraisal directed by this Court.

This Court has jurisdiction and authority under Connecticut law to order directed sale of the AMISTAD to Discovering Amistad, Inc. in order to preserve and continue the important public and charitable purposes to which the AMISTAD is dedicated. *See supra*. Conn. Gen. Stat. § 47-2; *Ministers & Missionaries Ben. Bd. of American Baptist Convention v. Meriden Trust & Safe Deposit Co.*, 139 Conn. 435; *First Congregational Society of Bridgeport v. City of Bridgeport*, 99 Conn. 22. A directed sale of the ship will avoid the uncertainties of judicially

supervised public auction process by ensuring preservation of the State's interest and continuation of the operation of the AMISTAD for its intended charitable purposes. Directed sale of the AMISTAD to Discovering Amistad, Inc. will safeguard the public's interest in this valuable asset and enable it to be restored to its intended public purpose as an educational tool and symbol of the historic and ongoing struggle for human rights.

2. A Directed Sale Will Protect Creditors' Interests by Ensuring Receipt of Fair Market Value for the AMISTAD

Unlike a judicially supervised public auction process, the proposed directed sale of the AMISTAD will ensure that the corporation in receivership will receive fair market value for this sole remaining asset held by Amistad America, Inc. In a judicially supervised public auction or bidding process, the asset is sold to the highest bidder.

In recent years, a number of wooden tall ships have been offered for sale. The VIRGINIA, a 2004 re-creation of the last Virginia pilot schooner that sailed the Chesapeake Bay, and the flagship of her state, was put up for sale in 2014, after long term financial struggle. The SPIRIT OF SOUTH CAROLINA met the same fate at auction, and was recently sold to a private owner for \$440,000. Both of these ships cost about \$4 million to build.¹ The NATHANIEL BOWDITCH operated as a Maine Windjammer sold at auction for \$250,000. The marine surveyor commissioned by the receiver to develop a fair market value appraisal of the AMISTAD noted that these tall ships offered on the market for sale at a higher price than the sale price, but the only way sale was accomplished was by auction at a lower price than the offering price. The QUINNIPIACK, a landmark New Haven tall ship sold early this year for \$50,000. The appraiser notes that these below market sales and the fact that there are a number of tall

¹ From "The Unfortunate Economics of Tall Ships", posted on May 27, 2012 on The Old Salt Blog by Rick Spilman. The information about the condition of the SPIRIT's hull is anecdotal.

ships on the market now shows the softness of the present market for vessels such as the AMISTAD.

Directed sale of the ship at fair market value as determined by a qualified appraiser under the direction of the Court will best protect the creditors' interests by ensuring that the full appraised value will be available to the Court to apply to the pre-receivership claims.

3. Directed Sale by this Court Presents No Meaningful Risk to Discovering Amistad, Inc.'s Interests or Duty to Protect the AMISTAD

A directed sale of the AMISTAD and its contents and fittings would be "as is," as to their conditions and circumstances. This Court is without jurisdiction to clear any existing maritime liens. Maritime liens are within the exclusive jurisdiction of federal law and federal admiralty courts. Counsel specializing in admiralty law, engaged by the Receiver with approval of this Court, has evaluated existing maritime liens and advised that they do not pose meaningful risk to the ship or to Discovering Amistad, Inc. as purchaser and proposed title holder. The Receiver has commissioned a legal opinion from admiralty counsel to Discovering Amistad, Inc. detailing the basis for this conclusion, in order to formalize its analysis and to provide a level of informed comfort to Discovering Amistad, Inc.

Discovering Amistad, Inc. is represented by counsel and will review the legal opinion. Counsel for Discovering Amistad, Inc. will speak with admiralty counsel, as necessary, and will give appropriate advice to the board of directors of Discovering Amistad, Inc. with regards to exercising fiduciary duties in purchasing the ship. The Receiver has provided, and will continue to provide, access to Discovering Amistad, Inc. of all information in the possession of the Receiver concerning the physical condition of the ship. Discovering Amistad, Inc. has been given access to the ship and the Captain for independent assessment of the condition.

B. Request for Approval of Appraisal

The Attorney General requests that the Court approve appraisal for the AMISTAD attached at Exhibit B. The appraiser, Captain Paul C. Haley of Capt. G. W. Full & Associates, Inc. Marine Surveyors, is well-qualified to evaluate the fair market value of the AMISTAD. His extensive credentials, developed over the course of more than 30 years, are described in detail in the last two pages of Exhibit B. The appraiser was recommended by the insurance provider for the vessel, has no direct or indirect interests in the vessel; no connection with the Receiver, or directors or employees of Amistad America, Inc.; and no connection to the incorporators of Discovering Amistad, Inc. The appraiser is not an employee of or contractor to the State of Connecticut.

As shown, the fair market value determined by the appraisal at Exhibit B, on a current, as-is basis, is \$315,000. In his first, expedited draft of the appraisal, Captain Haley noted the difficulty of placing a value on the AMISTAD because of the difficulty in finding comparable sales. At that time, he had only located four tall ships on the market in the last two years, all offered at prices between \$750,000 and \$925,000, but reported that only one of them had sold, at just \$350,000.² Premised upon those prices, Captain Haley indicated that fair market value of the AMISTAD would be \$550,000. Captain Haley continued his search for other tall ship sales and a few days later submitted a revised appraisal report, which states that "[t]he previous report relied on asking prices to try to establish values. Since that report, some recent sale prices were found that make a better method of establishing [value]. These values had not been discovered prior to the previous report."

² That report on the sale price came from a marine broker and proved to be inaccurate. The accurate sale price for that vessel, the S/V NATHANIEL BOWDITCH, when sold in 2014, was \$250,000, as reflected in the revised appraisal.

The Attorney General requests that the Court accept the appraisal and the appraiser's determination of fair market value at \$315,000 as shown at Exhibit B.

C. Request for Approval of Plan for Sale Based on Fair Market Value as Determined by the Appraisal

The Attorney General requests that the Court approve the proposed plan for directed sale of the AMISTAD based on the fair market value appraisal at Exhibit B, and direct that proceeds from the sale shall be distributed to pre-receivership claimants. A motion proposing priorities for pay out to pre-receivership claimants will be filed with the court by the Receiver on or about September 18, 2015 for proposed hearing on or about October 2, 2015.

The proposed schedule, set forth below, for notices, hearings and transfer of the ship are determined by procedural and legal requirements the State must exercise in making available the funds the State has pledged to grant to Discovering Amistad, Inc. for the purchase of the ship. Procedural requirements are anticipated to be completed by the State in late September, which will put the granted funds in the custody of Discovering Amistad, Inc. approximately three to four weeks later, or by the end of October, 2015. Therefore, the effective date of sale is proposed as on or about November 1, 2015.

Proposed Schedule, Developed in Collaboration with the Receiver

8/12/2015	Court Consideration and Approval of Plan for Directed Sale and Fair Market Value Appraisal.
9/18/2015	Filing of Motion for Approval of Asset Sale Agreement.
	Notice Provided to Pre-Receiver'ship Claimants of Motion for Approval of Asset Sale Agreement
9/18/2015	Filing of Motion for Approval of Priorities for Application of Sale Proceeds to Pre-Receiver'ship Claims.

Notice Provided to Pre-Receivership Claimants of Motion to Approve
Proposed Priorities for Applying Sale Proceeds to Claims

9/18/2015	Notice Provided to Pre-Receivership Claimants of Hearing on October 2, 2015 (or soon thereafter) to Consider the Two Motions Noticed Above for Approval of Asset Sale Agreement and Approval for Priorities of Payment
10/2/2015 (or soon thereafter)	Hearing to Consider Motions to Approve Asset Sale Agreement and Priorities for Payment of Sale Proceeds Consideration of Receiver's Motion for a Receivership Period Claims Procedure.
10/19/15	Mailing of Receivership Period Claims Procedure Order to Universe of Potential Claimants and Notice of Hearing for that Procedure
10/19/15 to 10/23/15	Closing of Sale to be held, with the effective date set as 11/1/15.
11/1/15 12:01 am	Transfer of Title and Responsibility for Ship to Discovering Amistad, Inc.
by 10/22/15	Mailing of Notice of Court Orders Pertaining to Authorization of the Asset Sale Agreement and Priorities for Payment of Sale Proceeds Entered to All Pre-Receivership Claimants.
11/10/15	Bar Date for Receivership Period Claims Procedure
by 11/13/15	Payout of Pre-Receivership Claimants, Pursuant to Court Order.
11/19/15 (or soon thereafter)	Hearing in Receivership Period Claims Procedure Consideration of the Receiver's Motion to Terminate the Receivership by 12/4/15. Consideration of the Attorney General's Motion to Dissolve the Defendant Corporation.
12/4/15	Effective date for termination of receivership.

D. Request for Order

The Attorney General requests an Order from the Court authorizing this Motion for Approval of Plan for Sale of the S/V AMISTAD in a form that can be provided to pre-receivership claimants. A form of proposed order is attached hereto as Exhibit D.

Respectfully Submitted,

PLAINTIFF
GEORGE JEPSEN
ATTORNEY GENERAL

BY: 421633

Karen Gano, Assistant Attorney General
Juris No. 421633
55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120
Tel: (860) 808-5020
Fax: (860) 808-5347
Karen.Gano@ct.gov

EXHIBIT A

**DISCOVERING AMISTAD, INC.
CERTIFIED CERTIFICATE OF INCORPORATION**


CERTIFICATE OF INCORPORATION
DISCOVERING AMISTAD, INC.

A Connecticut Nonstock Corporation

The Incorporators, whose names are signed below, do, by this Certificate of Incorporation, form a corporation under the Connecticut Revised Nonstock Corporation Act (the "Act").

1. **Name.** The name of the corporation is **Discovering Amistad, Inc.** (the "Corporation").
2. **Mission; Tax-Exempt Status.** The nature of the activities to be conducted or the purposes of the Corporation are to engage in any lawful act or activity permitted under the Act which is charitable, religious, educational and/or scientific in nature, entitling the Corporation to exemption from taxation under §501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended and in force from time to time (the "Code"), and *more particularly*:
 - i. To provide year-round educational programming on its tall ship, The Amistad, and in classrooms and at historic sites of partner organizations;
 - ii. To enable children and adults in Connecticut and the region to discover the story of The Amistad and its impact on Connecticut and the nation; and
 - iii. To provide learning opportunities for children and adults to discover the relevance of the history of The Amistad to today's world.
3. **Members.** The Corporation shall not have members, as such term is used in §33-1055 of the Act, and the Corporation shall be managed by a board of directors.
4. **Board of Directors.** Pursuant to §33-1080 of the Act, the Corporation shall have a board of directors, which shall be self-perpetuating. All corporate powers shall be exercised by or under the authority of, and the activities, property and affairs of the Corporation shall be managed by or under the direction of, the board of directors of the Corporation. The rules concerning the size, eligibility for election, terms of office and governance of the board of directors, and the management of its affairs, shall be as set forth in the Bylaws of the Corporation.
5. **Registered Office.** The Corporation's initial registered office is One Financial Plaza, Hartford, Connecticut 06103, and the registered agent at that office is Reid and Riege, P.C., a Connecticut professional corporation.

Acceptance of appointment:
Reid and Riege, P.C.

By 
Christine M. Miller, Vice President

6. **Incorporators.** The name and the address of the Incorporators are as follows:

Robert King
44 Happy Hill Road
Stamford, CT 06903

Karen King
433 Temple Street, 2nd Floor
New Haven, CT 06511

Alexis H. Smith
56 Leatherman Trail
Hampden, CT 06518

Len Miller
8 Kings Lane
Essex, CT 06426

7. **Nonprofit; Prohibition on Private Inurement.** The Corporation is nonprofit. The Corporation shall not authorize or issue shares of stock or pay dividends. The Corporation's earnings, income or assets shall not be distributed to or inure to the benefit of its directors, officers, or to any private individual as such. The Corporation may, however, reasonably compensate its officers, directors, or any individual, for services performed for the Corporation in compliance with applicable law and applicable corporate policies concerning conflicts of interest.

8. **Political Activity and Lobbying.** The Corporation shall not do anything forbidden to be done by corporations which are qualified to receive deductible contributions under §170(c)(2) of the Code. The Corporation shall never participate in any political campaign on behalf of or against a candidate for public office. Subject to Section 9(e) below, no substantial part of the Corporation's activities may consist of attempting to influence legislation in the manner described in §501(h) of the Code.

9. **Private Foundation Restrictions.** If the Corporation is or becomes a private foundation (as defined in §509 of the Code) the Corporation (a) must distribute its income for each taxable year in a way that will not subject it to tax under §4942 of the Code, (b) shall not self deal (as defined in §4941(d) of the Code), (c) shall not retain excess business holdings (as defined in §4943(c) of the Code), (d) shall not make investments which will subject the Corporation to tax under §4944 of the Code, and (e) shall not make any taxable expenditures (as defined in §4945(d) of the Code).

10. **Powers.** The Corporation shall have all powers granted by law and all powers granted in the Act; *provided, however*, that no such powers shall be exercised in a manner which is inconsistent with the Corporation's nonprofit purposes or which is not permitted by an entity exempt from federal taxation under §501(c)(3) of the Code.

11. **Amendment of the Certificate of Incorporation and the Bylaws.** This Certificate of Incorporation and the Bylaws may be amended at any time by the requisite affirmative vote of the directors as provided in the Bylaws at any meeting of the board of directors for which proper notice has been given; *provided, however*, that no amendment to this Certificate of Incorporation and/or the Bylaws shall be adopted if it will affect the exempt status of the Corporation under §501(c)(3) of the Code.

12. **Dissolution and Liquidation.** The Corporation may be dissolved and liquidated at any time by the requisite affirmative vote of the board of directors; *provided, however*, that following such an affirmative vote, and prior to the effectiveness of the dissolution and any liquidation, the Corporation shall first provide notice of the dissolution and liquidation to the Office of the Attorney General of the State of Connecticut. Upon liquidation, the assets remaining after payment of all liabilities shall be distributed pursuant to §33-1176(a)(3) of the Act, subject to and consistent with the Code and any donor imposed restrictions thereon, to such charitable, educational, religious and/or scientific

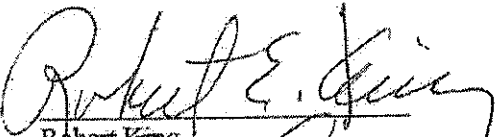
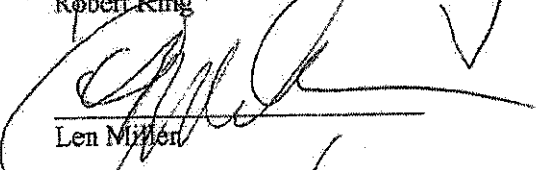
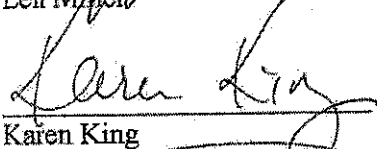
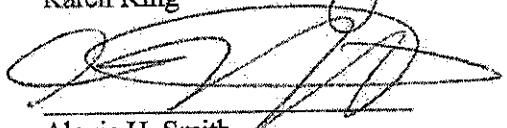
organizations exempt from taxation under §501(c)(3) of the Code as may be selected by the board of directors and approved by a Connecticut court having jurisdiction over charitable corporations and assets in the State of Connecticut (a "Connecticut Court"), the purpose and mission of which are substantially the same as the Corporation. Any remaining assets not so disposed of by the Board shall be disposed of by a Connecticut Court, exclusively for exempt purposes, or to such organization or organizations as the Connecticut Court shall determine, which are organized and operated for substantially the same purposes as the Corporation.

13. Other protection. Nothing in this Certificate of Incorporation shall be in derogation of the benefits afforded to the directors of the Corporation under §52-557m of the Connecticut General Statutes as the same may be amended or superseded from time to time or other applicable state or federal law.

14. Electronic Mail Address. The Corporation has no electronic mail address.

I hereby certify under penalties of false statement that the statements made in this certificate are true.

Dated: July 29, 2015


Robert King

Len Miller

Karen King

Alexis H. Smith

STATE OF CONNECTICUT }
OFFICE OF THE SECRETARY OF THE STATE } SS. HARTFORD

I hereby certify that this is a true copy of record
in this Office.

In Testimony whereof, I have hereunto set my hand,
and affixed the Seal of said State, at Hartford,
this Third day of August A.D. 2015

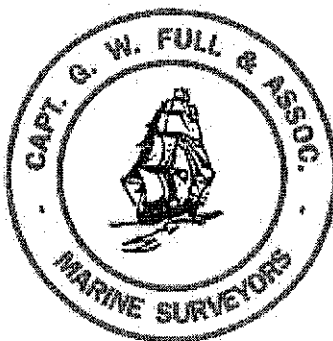


SECRETARY OF THE STATE

Ejm

EXHIBIT B

FAIR MARKET VALUE APPRAISAL OF THE S/V AMISTAD



508-255-6685

Capt. Paul C. Haley, NAMS-CMS

P.O. Box 2156 Orleans, MA 02653

fax: 508-255-6635

Capt. G. W. "Giffy" Full

August 9, 2015

E-MAIL: captfull@aol.com

www.gwfull.com

CELL#: 508-560-2778

FILE#: 5888

Katharine B. Sacks, Esq
165 Bishop St.
New Haven, CT 06511-3717

RE: *AMISTAD*
DOC: 1096750
HULL#: 0001
TYPE: REPLICA SCHOONER USCG CERTIFIED

SURVEY SUMMARY

Dear Ms. Sacks:

This is to certify that on July 30, 2015, at your request, the undersigned marine surveyor attended onboard the above captioned vessel, a replica of the 19th century schooner *AMISTAD*. This new *AMISTAD* was completed in the year 2000 of wood construction and built at Mystic Seaport in Mystic, CT. The vessel was inspected dock side at the Custom House Pier in New London, CT. The purpose for the visit was to establish a fair market value for the vessel. This report contains a rewrite of the value section of the report. The previous report relied on asking prices to try to establish values. Since that report, some recent sale prices were found that make a better method of establishing. These values had not been discovered prior to the previous report.

DESIGN & CONSTRUCTION

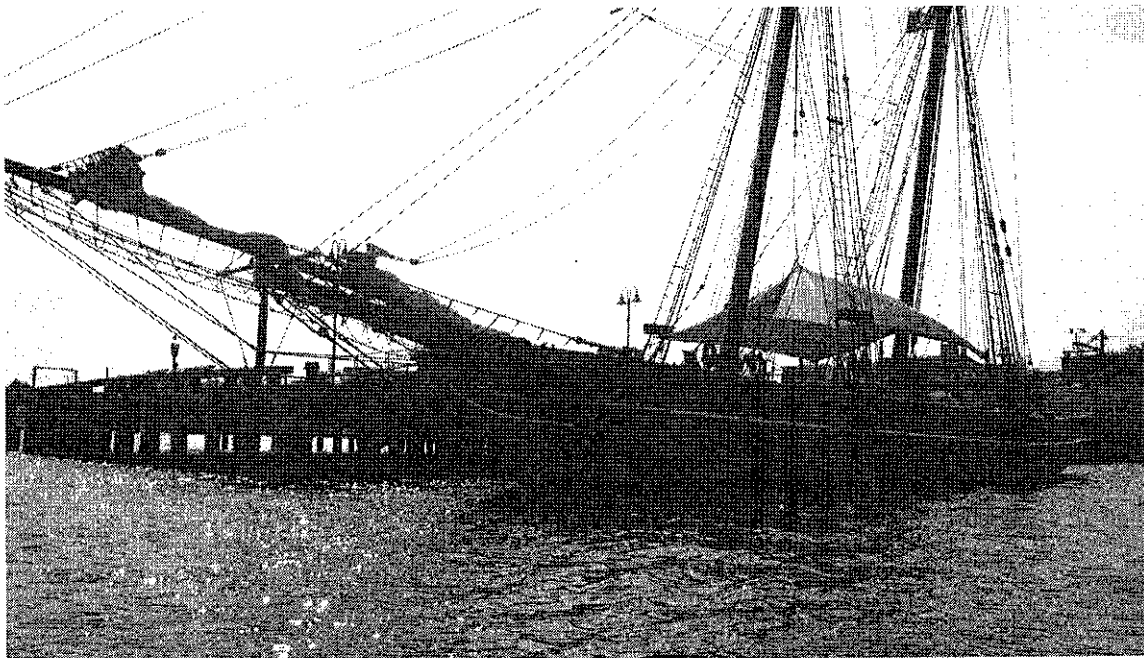
The vessel was designed by Tri-Coastal Marine as a replica to the Schooner *AMISTAD*. The vessel is designed with a clipper bow, round bilge with full keel and attached rudder and transom stern. Her hull was constructed of high quality woods that are picked for their longevity. The Planking in the vessel is carvel planked. The lower nine streaks of planking are white oak and the remaining planks are of Angelique. The back bone and keelson of the vessel is built of Purple Heart and the frames are 6 ½" x 8

Capt. Paul C. Haley - Member National Association of Marine Surveyors

~CAPT. G. W. FULL & ASSOCIATES – MARINE SURVEYORS~
"S/V AMISTAD" SURVEY SUMMARY PAGE 2

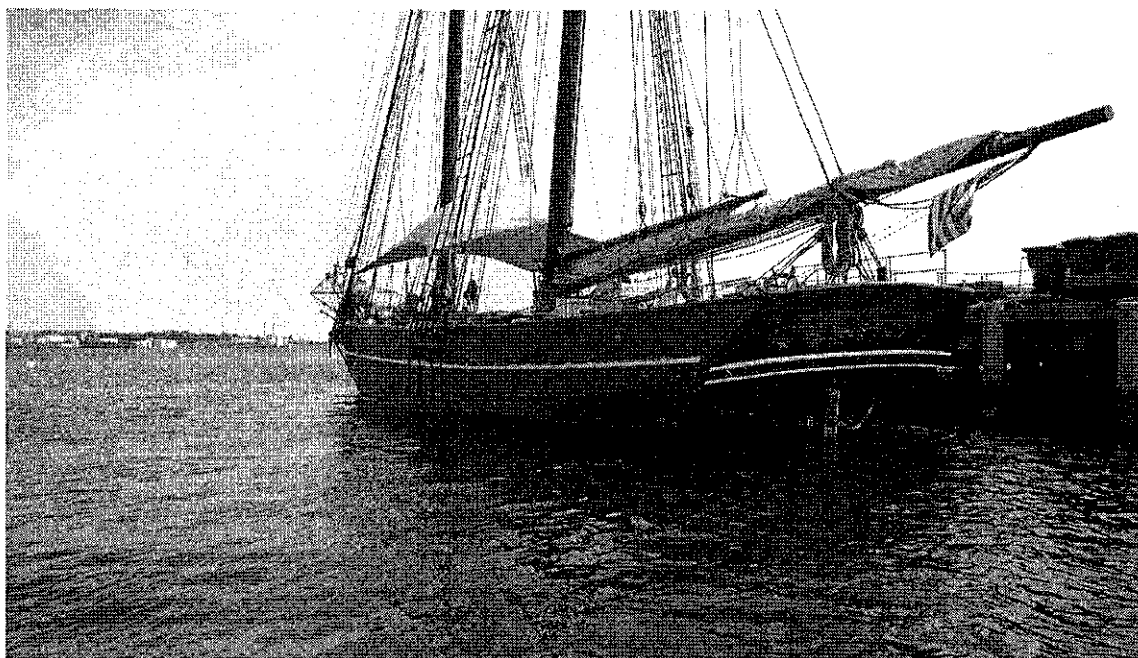
¾" double sawn with the lower two futtocks being Live Oak and the upper futtocks and toptimbers being White Oak. The hull planking is fastened with 355 silicon bronze lags. The floor timbers in the vessel are 4" sided Live Oak. The vessel's sheer clamp is constructed of Long Leaf Yellow Pine and the shelf is of White Oak. *AMISTAD* has full interior ceiling which is of Long Leaf Yellow Pine. The decks on the vessel are quarter sawn 1 3/8" x 3 5/8" fir over white oak deck beams. The full deck beams are 7" x 7 ¾" and the half beams are 5 ½" x 5 ¾". The king plank on the deck is constructed out of Iroko. The decks are fastened with 316 stainless steel lag bolts. Above the decks around the perimeter of the deck are the bulwarks which are built of Angelique with varnished Angelique rail caps. On the interior of the vessel the lodging knees are either Hackmatack or Live Oak and the hanging knees are either Mahogany or Live Oak. The upper breast hook is of Mahogany and the lower breast hook is of Live Oak. All the interior joiner work is of Long Leaf Pine and Iroko. The water tight bulkheads are double diagonal Yellow Pine with a membrane between the layers. The dead wood below the keel timber is Purple Heart and White Oak. There is external lead ballast. This is made up of 5 interlocking sections. The sections vary in size but are approximately 14 ½" x 11" x 10". In addition to the external ballast there is additional internal ballast located below the galley and salon sole and all boxed in.

The spars on the vessel are all Douglass fir with the main and the foremast being new this year. The mast steps are on top of the keelson and are constructed of Live Oak. The vessel is rigged as a topsail schooner with topmasts on both spars. In addition on the foremast there are two yards and a third can be raised into position when needed. The rigging in the vessel is 8 x 6 galvanized plow steel served and sloshed. The chain plates are external and are bolted to the outside of the hull.

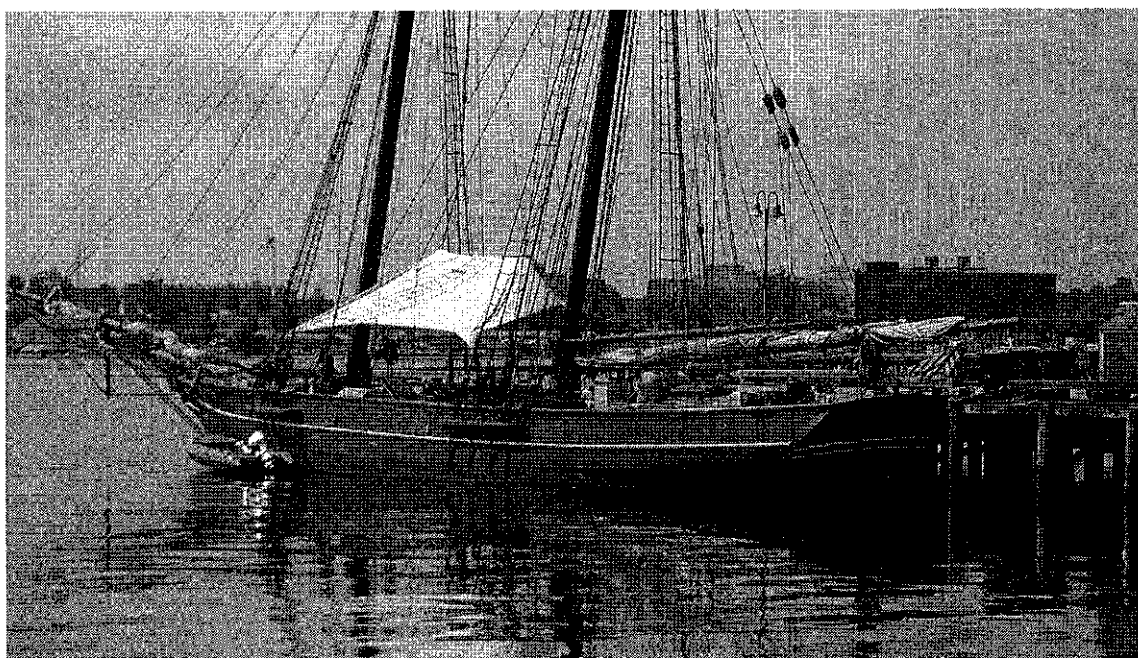


FORWARD VIEW OF THE VESSEL

~CAPT. G. W. FULL & ASSOCIATES – MARINE SURVEYORS~
“S/V AMISTAD” SURVEY SUMMARY PAGE 3



STERN VIEW OF THE VESSEL



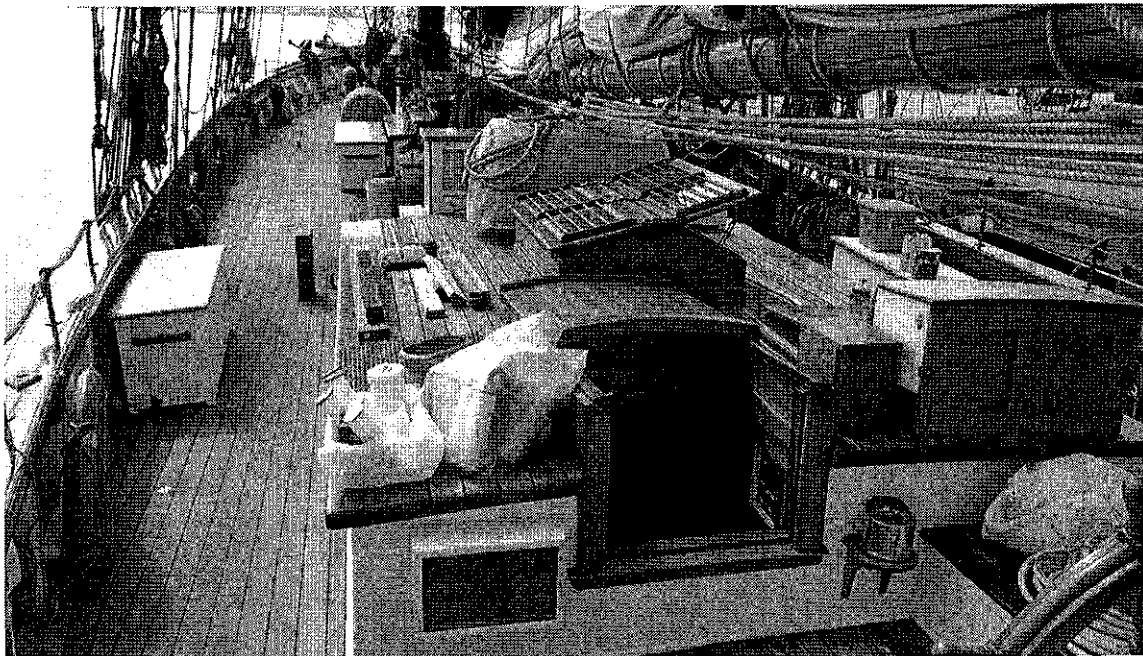
PROFILE VIEW OF THE VESSEL

~CAPT. G. W. FULL & ASSOCIATES – MARINE SURVEYORS~
“S/V AMISTAD” SURVEY SUMMARY PAGE 4

VESSEL SPECIFICATIONS

LOA	85’0”
LOD	81’0”
LWL	78’10”
BEAM	23’11”
BEAM WATER LINE	22’4”
DRAFT	10’1”
DISPLACEMENT	136 TONS
GROSS TONS	90 GRT
NET TONS	81 NRT

Specifications are as reported to the surveyor



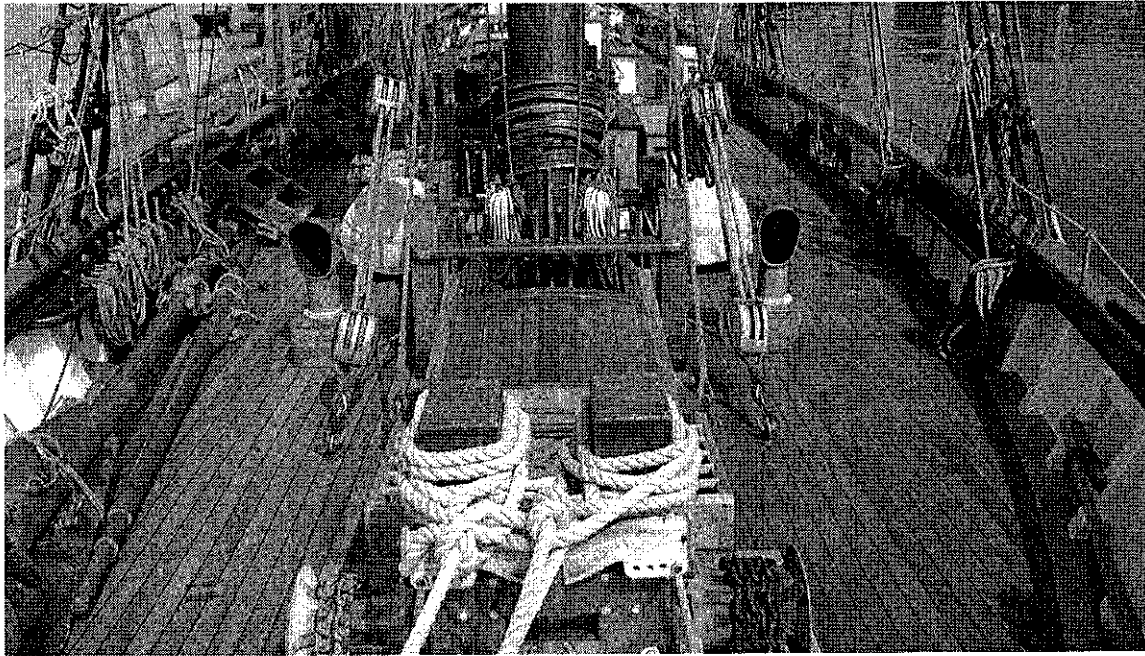
DECK LOOKING FORWARD

The deck layout of the vessel is open. On the foredeck forward and to starboard is the water tight hatch for access down to the forepeak. Centered aft of this are the Sampson posts and the manual capstan. Next aft is the chain storage box followed by the scuttle down to the forecastle. The foremast is next aft with fife rail. Outboard to port and starboard are the dorade vents for the area below. This is followed by the emergency escape hatch for the forecastle. Next aft is the hatch over the galley stove. Outboard of

~CAPT. G. W. FULL & ASSOCIATES – MARINE SURVEYORS~

“S/V AMISTAD” SURVEY SUMMARY PAGE 5

the galley hatch to port and starboard is the life raft storage. The salon trunk is next aft with the companionway centered aft. The deck is open aft of this till the main mast. Aft of the main mast is the engine room trunk with ventilation to port and the access hatch to starboard. This is followed by the main cabin trunk. Centered on this trunk is a butterfly hatch and aft to port is the companionway. Aft to starboard is the electronics box. The steering is aft of this. Forward to starboard of the steering is the access hatch down to the lazarette.

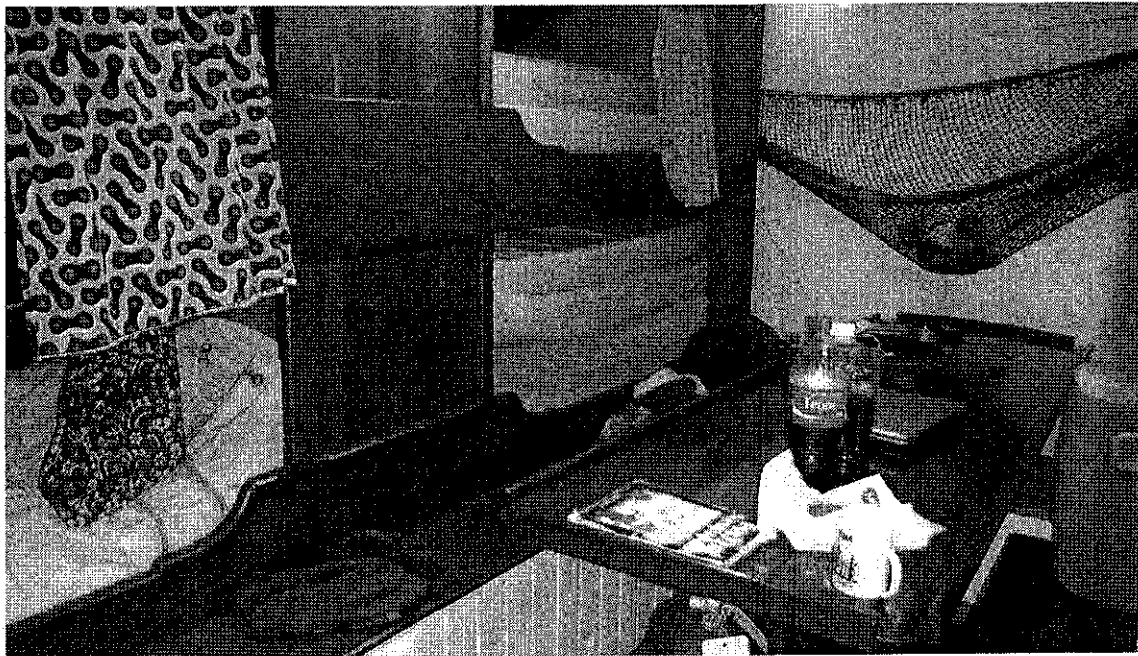


DECK LOOKING AFT

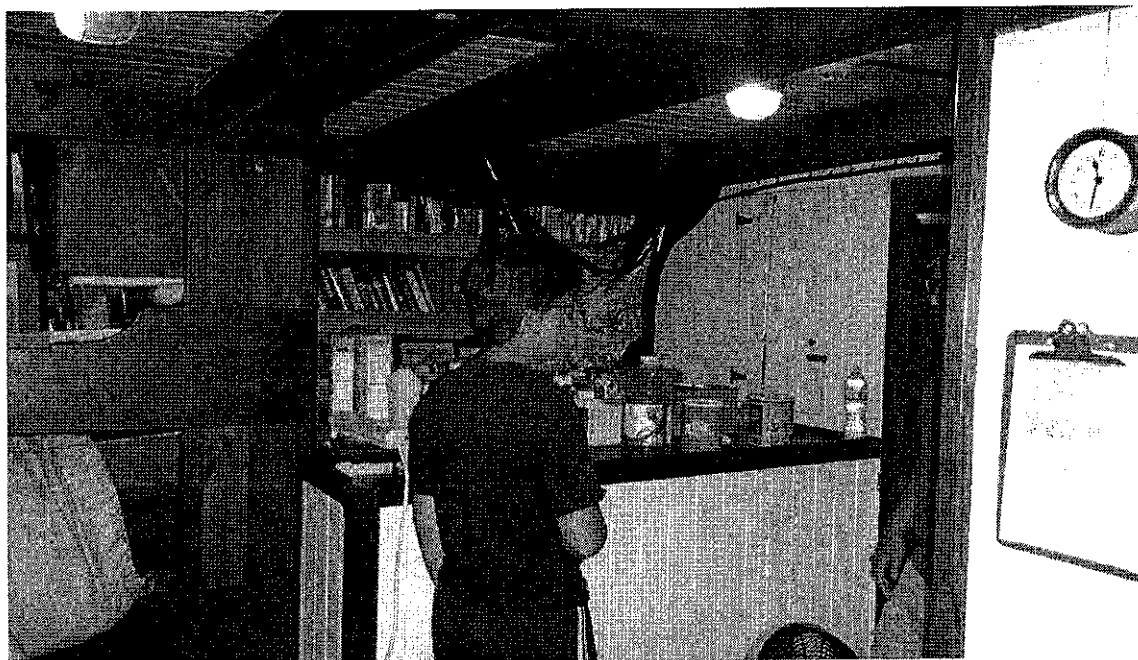
The interior layout of the vessel has the forepeak forward accessed by the water tight hatch to starboard of the bowsprit. This area is for storage of lines and gear. At the aft end of this area is a water tight bulkhead. Next aft is the forecabin. This area sleeps a total of ten. Along the port and starboard side there are a total of eight berths with four per side being two up and two below. Aft to starboard there are two additional upper and lower berths. Aft to port is a head compartment. Centered aft are a sink and the ladder to the emergency hatch. Coming down forward is the ladder from the deck scuttle. At the aft end of this compartment is a water tight bulkhead. This area is followed by the galley and salon area. Forward to port in the space is a head followed by a counter. To starboard is the galley. Along the forward bulkhead are the refrigeration and the sink. Outboard to starboard are counters and lockers. Forward is more counter space and the diesel stove. Outboard to port is the freezer compartment. Next aft to port and starboard are four berths either side with two up and two down. Inboard of the berths are storage seats and tables with bench seats inboard. At the aft end of this space is a water tight bulkhead followed by the engine room. Along the forward bulkhead of the engine room is the battery chargers and inverter along with the fire detection system all to port. Centered are the fuel filtration system and the fixed fire fighting system. Along the port side are the batteries and along the starboard side are the two generators. Along the aft bulkhead is the fuel distribution system along with the bilge and fire manifolds and the electrical battery

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switches. The two main engines are centered in this space with good service access. At the aft end of this space is a water tight bulkhead followed by the aft accommodations area which is for the officers. This area is accessed through the companionway at the aft end of the cabin trunk. There are berths in this area for four. Forward to port is a thwart-ship berth followed by a port berth. Centered forward is a full enclosed head. Forward to starboard is the captain's cabin followed by another berth. Aft to port is the navigation station and aft of the companionway are lockers. Aft in this cabin is a water tight bulkhead followed by the lazarette.



SALON AFT TO STARBOARD

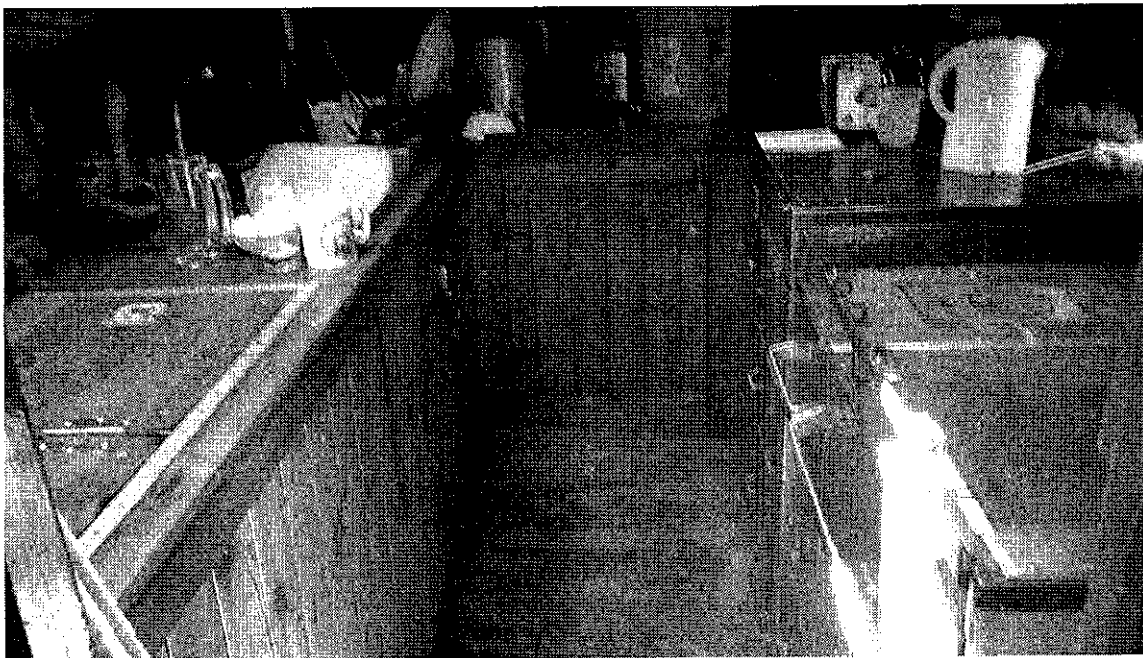


SALON FORWARD TO PORT

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SALON AFT TO PORT



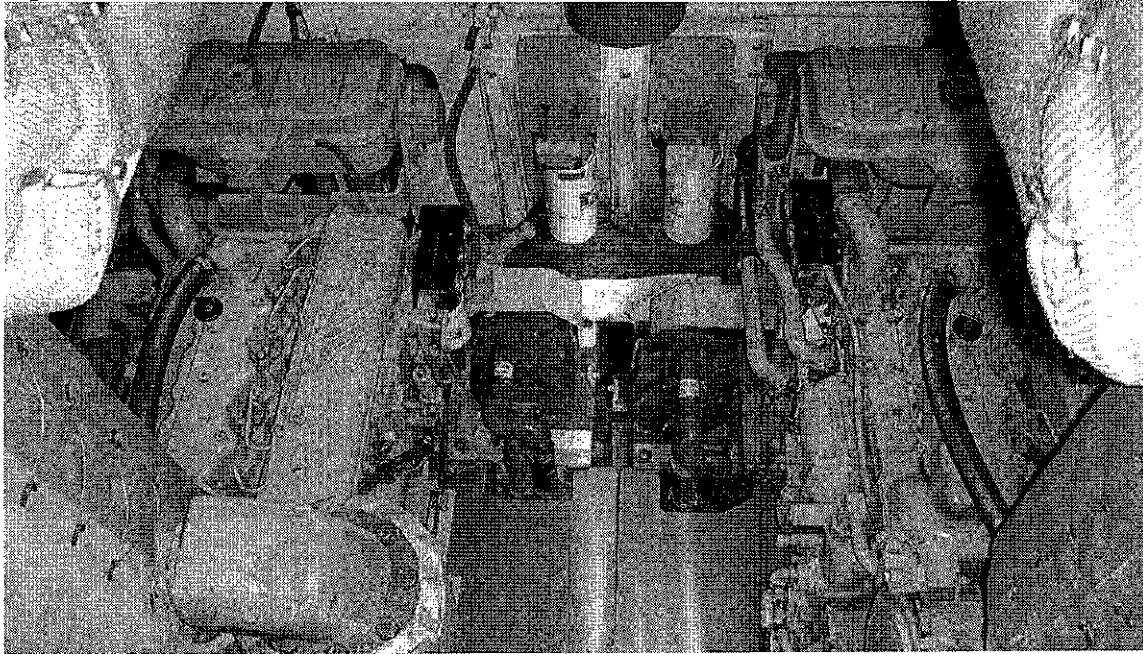
VIEW OF GALLEY

MECHANICAL

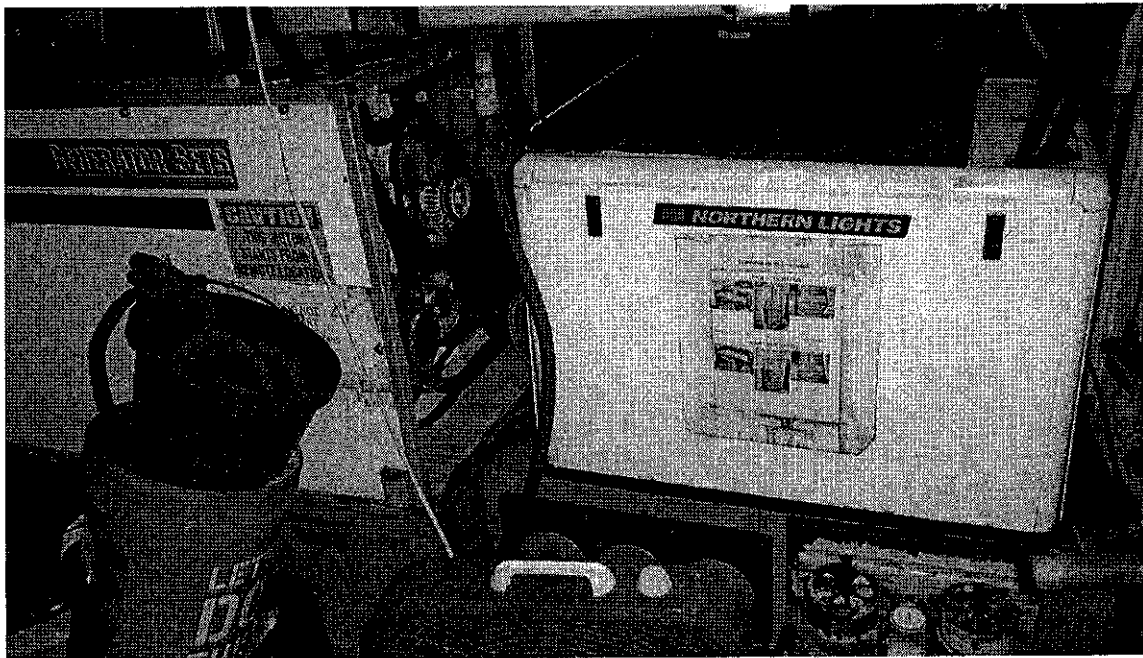
The vessel is powered by twin Caterpillar 4-cylinder diesel engines located on either side of the keelson at the forward section of the engine room. Both engines are 3304's and the port engine serial number is 13E01430 and the starboard engine is

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13E01429. They drive a Twin Disc transmission and a feathering propeller. The engines are fresh water cooled and have a salt water heat exchanger system to cool the circulating fresh water system. The raw water cooling water and the exhaust are discharged out the side of the vessel. Also in this space are two Northern Lights generators for 120-volt AC and 240-volt AC service. These will be further detailed in the electrical section of this report.



VIEW OF ENGINE ROOM



VIEW OF GENERATORS

TANKAGE

The vessel has several tanks spread out throughout the vessel. The diesel fuel is held in two main tanks for 600 gallons total and a 60 gallon day tank. In addition there is a 15 gallon diesel tank in the galley for the cook stove. The fuel tanks are stainless steel and there is one tank between the main engines and one below the cabin sole in the aft cabin. The tank for the cook stove is outboard to starboard in the galley and it is aluminum. There are two water tanks that are located below the cabin sole in the salon. These are polyvinyl. In addition to the water that is carried onboard, the vessel also has a water maker system that can make fresh water from the seawater. There are three holding tanks onboard. There is one forward in the forecabin, one in the salon and one in the aft cabin. These are all polyvinyl and can be pumped overboard when offshore.

ELECTRICAL

The vessel has 12-volt Dc and 24-volt DC service provided through the ships batteries. In addition there is 120-volt Ac and 240-volt AC service provided through the shore power connection and the onboard generators along with 120-volt AC service through the ships inverter. There are several banks of batteries as noted below:

- 2- Banks of 2) 12-volt G34 sealed batteries for main engine start
- 1- Bank of 2) 12-volt G34 sealed batteries for emergency lights
- 8- Banks of 1) 12-volt 8D gel batteries for house batteries.

The DC electrical circuit breaker panel is forward to starboard in the salon and the AC circuit breaker panel is located in the engine room. Additional Dc circuit breaker panels are located in the aft cabin and at the nav station. The batteries are charged through the alternators on the main engines and through the AC electrical system through the Mastervolt battery charger and the Heart Freedom 25 inverter/charger. There are two Northern Light generators. The forward one is 12 KW with a model number of PX-312K1 and a serial number of K06116. The aft generator is 6 KW with a model number of M673L23 and a serial number of 6732-39636C.

ELECTRONICS

- FURUNO 1832 RADAR
- FURUNO 1932 RADAR
- FURUNO RPV-15 RADAR PROCESSOR
- KANAD 406 EPIRB
- RAYTHEON RAY430 LOUD HAILER/HORN
- RAYTHEON RAY220 VHF
- RAYTHEON RAY 152 SSB
- FURUNO GP32 GPS/WAAS
- FURUNO FA150 UNIVERSAL AIS

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- RAYTHEON ST60 TRIDATA
- RAYTHEON ST60 MULTI
- ICOM IC-M602 VHF
- CHELSEA CLOCK & BAROMETER

PUMPS

- 24-VOLT DC FRESH WATER PUMP
- 120-VOLT AC FRESH WATER PUMP
- BILGE PUMP OF STARBOARD ENGINE
- FIRE PUMP OFF PORT ENGINE
- CENTRIFUGAL FUEL TRANSFER PUMP
- 24-VOLT DC FUEL TRANSFER PUMP
- 24-VOLT HOLDING TANK DIAPHRAGM PUMP
- 3) 24-VOLT GULPER SHOWER SUMP PUMPS
- 220-VOLT HOLDING TANK PUMP
- 3) MANUAL BILGE PUMPS

FIRE & SAFETY GEAR

- 60- USCG TYPE I ADULT LIFE JACKETS
- 6- USCG TYPE I LIFE JACKETS
- 2- SWITLIK 6 MAN MK II SOLAS LIFE RAFT
- 3- VIKING 20 MAN SOLAS LIFE RAFT
- 3- LIFE RINGS WITH LIGHTS
- 1- INFLATABLE BOAT WITH MOTOR
- 3- 15 LB CO2 FIRE EXTINGUISHER
- 5- 10 LB DRY CHEMICAL FIRE EXTINGUISHER
- 1- FE 241 FIXED SYSTEM IN ENGINE ROOM
- 1- FIRE PUMP TO HOSE ON DECK

COMMENTS

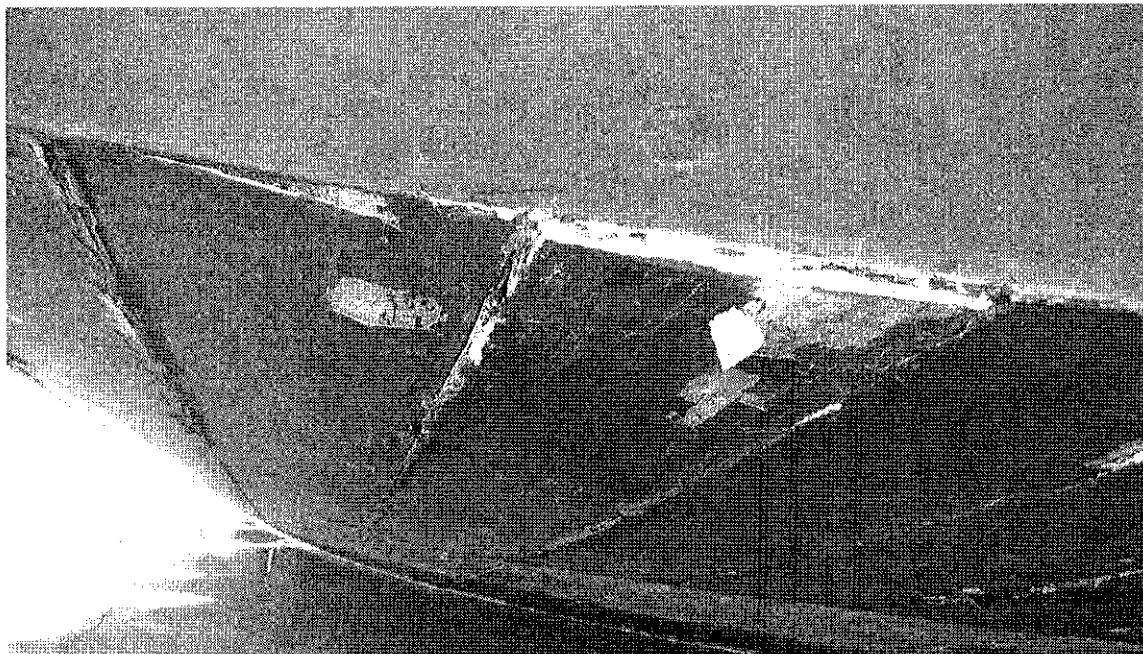
This vessel was built in 2000 at the shipyard of Mystic Seaport. It was built with longevity in mind and the materials that went into the vessel were materials that would be rot resistant and of high quality. Over the past 15 years the vessel has traveled extensively with voyages to the Caribbean, all along the United States coast and at least one trans-Atlantic round trip voyage. She has proven herself to be a very capable sailor. In recent years she has found herself in some troubled financial waters. Last season she was under charter by Ocean Classrooms to undertake some of their commitments. It is reported that her last passage with passengers ended on October 10, 2015. She spent the winter dockside at Mystic Seaport in Mystic, CT and then transited to New London in May of 2015. Presently she is at the Custom House dock where she is an attraction vessel. Presently her USCG Certificate limits her to be an attraction vessel, but once some

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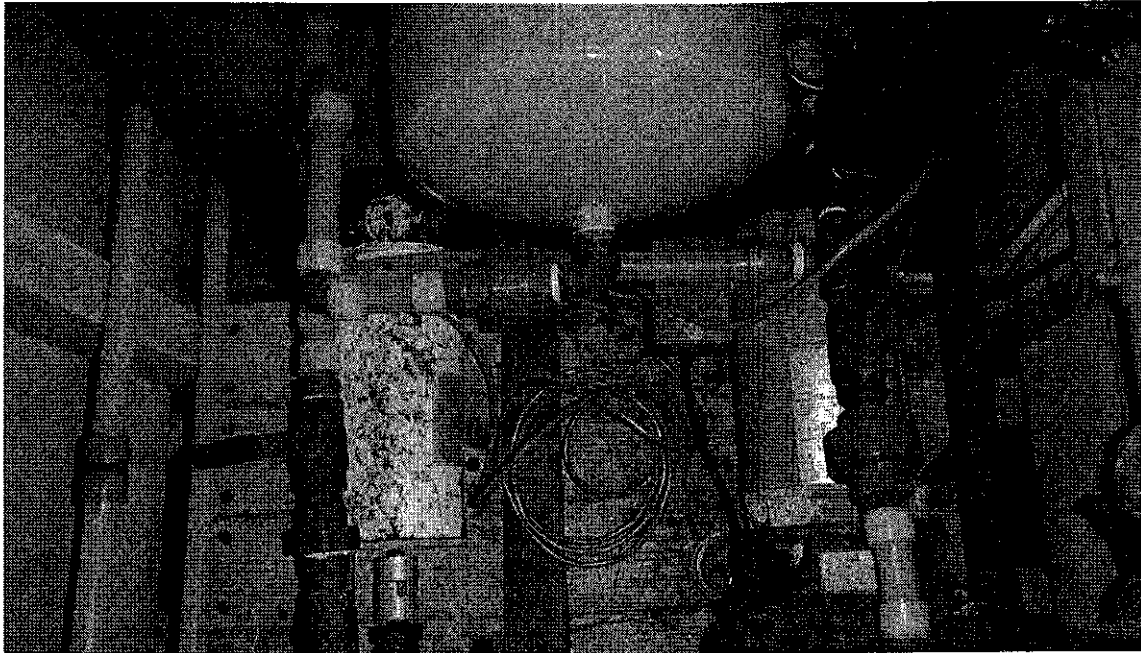
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USCG requirements are met she will be eligible to have her full certificate which allows her to operate as a Sail Training vessel.

Her time out of service has taken a toll on some of the systems. Presently both the 12-volt fresh water pump and the 120-volt fresh water pump are in marginal condition and will need to be replaced. The diesel stove is basically in operable and a new stove needs to be provided for the vessel. The built in freezer system is not working and a house hold deep freezer has been set in the salon to provide for frozen food. In looking through the vessel a good portion of the hose clamps are in poor condition and need to be replaced. There have been electrical issues with the ships shore power and the GFI's on the outlets have been tripping so additional extension cords have been run to the ship so electrical systems can be operated. This particular issue will require a marine electrician to go through the electrical system to sort the problem out. This is just a small list based on the inspection. In addition the decks are in need of maintenance. They need to be cleaned and oiled and the seams need some pitch in places to prevent leaking. The topsides (the hull above waterline) are due to be painted. This requires the hull to be scraped and sanded. Following that it needs to be primed and should have two coats of paint. In inspection the topsides of the vessel it was found that there is a sprung aft hood end of a port aft quarter plank where it meets the transom. This plank will need to be repaired prior to the vessel leaving the dock for any passages. In addition to this the Capt. Reports that the aft bilge below the officer's quarters has been taking on water. At this time he has not been able to identify the source. The vessel's bilge pumping system is able to maintain this, but the source will need to be identified. The spars and rigging all need to be treated in the traditional manner. Along those lines, the USCG has required the vessel to obtain a rigging survey prior to her full certificate being awarded.



VIEW OF SPRUNG PLANK



VIEW OF POOR FRESH WATER PUMPS

The vessel presently has a skeleton crew on board under Capt. James Peters. This crew is trying to undertake some of these issues, but they are not able to undertake some of the larger items. As the vessel has not been in full operation for a while, other issues may surface when the vessel starts operating.

CONCLUSION & VALUE

AMISTAD was exceptionally well built with good materials. She was built with the idea of longevity and this is seen in her construction. Since that time the vessel has had good care and maintenance, but in recent times the maintenance has slipped. This has to do with the fact that the vessel has been out of service for a while as has been noted in some of the passages above. Before she can be brought into full passenger service her systems need to be gone over and her cosmetics need to be brought up to par. Also all the 835's noted by the USCG have to be completed. At this time the USCG only has certified her as a dock side attraction vessel. All these noted issues affect the present value of the vessel. The ability to be an income producing vessel means the difference between being a commercial schooner or a sailing yacht.

Presently the market for passenger schooners is not good. There are a few that are on the market and they have been on the market for a while. The present state of the economy has affected this market both for the passenger schooners and for the Sailing School Vessels. There are several Sailing School organizations that are having problems at this time. There are a few vessel's that there is information that can be found as to sale price or bid price at auction.

The *SPIRIT OF SOUTH CAROLINA* was built in 2007. She displaces 150 tons and is 90 feet on deck and 140 feet over all. She accommodates a total of 30 persons. In the June

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18, 2014 issue of The Post & Courier it was reported that she sold at auction in June of 2014 for \$440,000.00. The Spirt operated as a Sailing School vessel.

The *NATHANIEL BOWDITCH* was built originally in 1922 and rebuilt in 1971. She displaces 54 tons and is 82 feet on deck and 108 feet over all. She accommodates 24 guests and 5 crew. It is reported in an article in BDN Marine Living on August 8, 2015 that she sold at auction in February of 2014 for \$250,000.00. The Bowditch operated as a Maine Windjammer doing three and five day trips upon the Maine waters.

Both of the above vessel's had been advertised for sail at a higher price, but the only way they could be sold was at auction. As a comparison the *AMISTAD* is a smaller vessel in capacity than both of the above vessels.

AMISTAD She was built in 2000 and displaces 96 tons and is 78 feet on deck and 129 feet over all. She accommodates a total of 13 people. All of these vessels rely on the passenger carrying capacity to generate income. The more passengers the more income can be generated by the vessels. As can be seen from the above, *AMISTAD* carries significantly less passengers which drastically reduces her income potential.

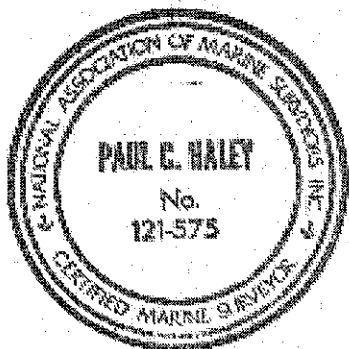
There is another vessel that was in the New Haven area that recently sold lately. That is the *QUINNIPLACK*. This vessel was built in 1984 and is much smaller than all of the above. I don't have her displacement, but she is 65 feet on deck and 91 feet over all. She has accommodations for 8, but can take day passengers. It is reported that she sold in 1990 for \$250,000.00, but in an article in the New Haven Register on February 12, 2015 it is reported that she had just sold for only \$50,000.00 after being on the market for a while. The fact that the larger vessels have to go to auction to sell and the *QUINNIPLACK* only sold for \$50,000.00 shows the softness of the present market for these vessels.

In determining a fair market value for the vessel *AMISTAD* several factors have to be taken into consideration. First her condition which has been noted in the above pages and second where she fits in the market. As can be seen from the above examples, she is at the lower end of passenger capacity. This puts her at the lower end of the market. If one were to average the two vessels noted above, not taking into consideration *QUINNIPLACK*, one comes up with an average value of \$345,000.00. As noted *AMISTAD* is at the lower end of the market her market value would be estimated at \$315,000.00.

This inspection of the vessel was only an inspection to determine fair market value and was not a full survey of the vessel. A full survey of the vessel would take four to five days and would require the removal of gear in the vessel to provide full access. It is, however, the belief of the undersigned that the overall structural condition of the vessel is basically good. It is recommended that before too long the vessel go through a full survey so a full maintenance program can be put into place. This report is submitted with out prejudice and for the exclusive use of Amistad America, Attorney Katharine Sacks, the courts and/or their agents. It can not be passed on to any others with out the express permission of Capt. G. W. Full & Associates, Inc.

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This report is submitted in good faith and constitutes a description of the condition as than found. The surveyor assumes no responsibility for any defects and is to be held harmless for conditions subsequently arising. This report does not warrant expressly or implied, or guarantee the condition of the above vessel.



Respectfully Submitted,

CAPT. G. W. FULL & ASSOCIATES, INC.

By: Capt. Paul C. Haley, NAMS-CMS
Certified Marine Surveyor

RESUME OF CAPT. PAUL C. HALEY, NAMS-CMS

Capt. Paul C. Haley, NAMS-CMS joined the firm of Capt. G. W. Full & Associates, Inc. in 1984. Prior to that he worked at Ted Hood's Little Harbor Yachts that at that time was located in Marblehead, MA from 1982 to 1984. At Little Harbor he was Service Manager in charge of new boats. From 1976 to 1982 Capt Haley was employed at Graves Yacht Yards as Customer Service Manager. Also during this period he was also surveying boats under his own name.

With G. W. Full & Associates he performs pre-purchase condition surveys, which encompass a complete through examination of the boat to determine its condition and seaworthiness. He also performs Condition and Valuation inspections for financial institutions and the insurance industry as well as damage claim investigations. In addition Capt. Haley performs appraisals for the purpose of donations, litigation, estate settlement and financial institutions. Capt. Haley specializes in the survey and inspection of wooden vessels.

Capt. Paul Haley performs as a consultant for ongoing repair projects, construction projects and projects involving restoration of vintage vessels. These have included **PRINCIPIA** a 90' Motor Yacht previously owned by the Independence Seaport Museum, **NOR'EASTER** a 65' Hand Motor Sailor, **SHERMAN ZWICKER** a 130' Nova Scotia Fishing Schooner, owned by the Grand Banks Schooner Museum, **ADVENTURE** a 120' Gloucester Fishing Schooner owned by The Gloucester Adventure, and the **MAYFLOWER** in Plymouth, Ma. Owned by the Plymouth Plantation. Some additional vintage vessels that Capt. Haley has surveyed and has acted as consultant for are the **USS CONSTITUTION** at the Charlestown Navy Yard, National Historic Trust, Mystic Seaport (**L.A.DUNTON, CHARLES W. MORGAN, EMMA C. BERRY, SABINO**), **GAZELA PRIMERO** in Philadelphia, Pa, the Steamer **TICONDEROGA** for the Shelburn Museum and the **BILL OF RIGHTS** for the Los Angeles Maritime Institute. Capt. Haley has been appointed as "**Recognized Wood Expert**" by Lloyds Register of Shipping.

Capt. Haley worked with the United States Navy surveying and coordinating the wooden vessels in their fleet. These were the old 185' MSO and the new 225' MCM class of Minesweepers and the old 80' CT fleet. This involved the surveying of the vessels and recommending the refit and repair schedules for the vessels. Capt. Haley taught wood boat surveying for the Wooden Boat School. He is certified by **NAMS**, (National Association of Marine Surveyors), and carries the designation of Certified Marine Surveyor. Capt. Haley is approved by **CAP** (Conservation Assessment Program) of the Heritage Preservation program as a Conservator/Assessor. Under this designation he will go into maritime museums to review their vessel collections and consult on the care and maintenance of these collections. He is the only conservator rated by **CAP** for wood vessel collections.

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LLOYD'S
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PRIVATE

Our ref PMRD/SA/2495/DHC

Capt. Paul C. Haley, CMS
Capt. G.W. Full & Assoc. Inc.,
126, Beacon Street,
Marblehead,
Massachusetts 01945,
U.S.A.

Your ref

Date 11th April, 1990

Dear Sir

RECOGNISED WOOD EXPERT - NEW YORK

Following the recommendation of Captain Full I have pleasure in advising you that you have been appointed as a Recognized Wood Expert to Lloyd's Register to carry out surveys on our behalf in the subject area.

You will be responsible to, and therefore take your instructions from Mr.W.E.Tuck, who is the Principal Ship Surveyor in New York.

In this capacity you will be requested from time to time to accompany the Society's Exclusive Surveyors when surveying wooden yachts or other wooden craft, in order to extend the benefit of your expertise. Every effort will be made to give you ample notice of impending surveys in your area.

Yours faithfully,



D.H. Clarke
SERVICES ADMINISTRATION - PMRD

EXHIBIT C

AMISTAD ADVISORY COMMITTEE MISSION AND RECOMMENDATIONS

AMISTAD ADVISORY COMMITTEE MISSION STATEMENT

The Amistad Advisory Committee is composed of a group of community leaders with diverse expertise related to nonprofit development and maritime operations who have dedicated their time to work together to recommend models for responsible future operations and programming for the reproduction ship S/V AMISTAD. The ship is currently under the control and supervision of the Court in a receivership action brought by the Attorney General. The Committee's task is to focus on the near term future, as well as long term viability, after the termination of the receivership. The Advisory Committee anticipates that its recommendations will inform and orient the board of a new operating entity for the AMISTAD, and reassure the legislature as it considers the viability of continued operations and funding for the vessel as the State's flagship.

The Committee will take notice of past operational and financial difficulties in order to develop recommendations that will avoid similar problems going forward. The Committee will assess and recommend a framework for responsible operation and programming that takes into consideration the significant financial and emotional investment the State of Connecticut has in the ship. The Committee recognizes that the AMISTAD is a compelling symbol that makes the Amistad Story tangible and current for all who have opportunity to board the ship. The Advisory Committee anticipates completing its recommendations in April.

The Advisory Committee members who are dedicating their time and expertise for this project are:

Lonnie Braxton	State's Attorney, CT Department of Criminal Justice, New London
LaToya Cowan	Project Manager, Office of Economic Development, City of New Haven
Tammy Daugherty	Director, Office of Development and Planning, City of New London
Bill Dyson	Former Speaker of the State House of Representatives and long term State Representative, New Haven's 94th District
Steven Fontana	Deputy Director, Office of Economic Development, City of New Haven
Karen King	Community Affairs Associate, Office of New Haven and State Affairs, Yale University
Paul McCraven	Senior VP, Community Development, First Niagara Bank
Len Miller	CPA; Founder of SoundWaters and Nonprofit Collaborative Alliance, Stamford, CT
Matthew Nemerson	Director, Office of Economic Development, City of New Haven
Bert Rogers	Executive Director, Tall Ships America, Newport, RI
Alexis H. Smith	Deputy Director, New Haven Legal Assistance
Stephen C. White	President, Mystic Seaport

The Advisory Committee is supported in its work by: Katharine B. Sacks, the Court-Appointed Receiver, participating with authority of the Court to inform the Committee about the receivership findings and the condition and circumstances of the vessel; Assistant Attorneys General Karen Gano and Mark Kohler, representing the Attorney General's interest as plaintiff in the receivership action; Kip Bergstrom, as representative of the State Administration as liaison with the legislature and in facilitating transfer of the vessel from the receivership; and Jesse Doucette, First Mate of the AMISTAD, participating for his professional knowledge of the vessel.

Summary of Amistad Advisory Committee Recommendations
(See Attached Full Recommendations.)

1. The Advisory Committee recommends that the State allocate necessary funds to bring the ship out of receivership and provide sufficient funds to enable a new operating entity to begin operations in accordance with the recommendations that follow.
2. The S/V AMISTAD should be owned and operated by a new, tax-exempt, Connecticut nonstock corporation that is state-wide based in its governance.¹
3. Based on available data and input from maritime experts, it is reasonable to project that the new organization can be operated at a minimal but meaningful programming level during the first two years post-receivership for approximately \$392,000 per year.
4. The Legislature should continue its historic allocation for the ship, and fund the new operating entity at approximately \$342,000 per year, as proposed by the Governor (including 4/1/15 rescissions) to ensure that the new entity has sufficient funds to build programs, new support, and fundraising capability.
5. The Committee believes that the new entity will be able to raise at least \$50,000 in each of the first two years to meet the projected minimal budget of \$392,000 per year, and with responsible operations, should be able to begin escalating diverse revenue rapidly, and expand programming relative to revenue.
6. The new corporation should continuously scale and rescale operations to available revenue on a regular basis in accordance with good fiscal management, without dependence on loans or other deficit circumstances.
7. The S/V AMISTAD should be in Connecticut for most of its seasonal operations. Regardless of geographic location identified as the ship's home-port, the ship should spend time each season in as many of Connecticut's deep-water ports as can accommodate visitors to the vessel in those ports. The vessel should overwinter at Mystic Seaport.
8. The new nonstock corporation's mission should focus on year-round, land-based educational programming for grades K through 12, for which S/V AMISTAD will serve as catalyst and symbol. As revenue permits, diversified programming should complement that core purpose.
9. The Committee recommends that the Legislature adopt its recommendations as necessary guidelines for a the new Connecticut nonstock corporation that will operate the S/V AMISTAD.

¹ A Subcommittee of the Advisory Committee will provide additional recommendations for governing documents and proposed incorporators for the new corporation.

Amistad Advisory Committee Recommendations

A. Introduction and Summary

The S/V AMISTAD and its owner, Amistad America Inc., were placed in a Connecticut Superior Court receivership on August 21, 2014 in order to safeguard the public's interest in its State flagship. With the concordance of the Court, an Advisory Committee composed of experts in both the nonprofit and maritime world convened to provide advice as to the feasibility of a newly formed nonprofit organization operating the ship within the confines of the Governor's proposed budgetary appropriation of approximately \$342,000 for each of the two years in this biennial budget (after 4/1/15 rescissions).

Because the S/V AMISTAD was never operated in a routine manner, subject to a business plan and financial accountability, its history does not provide useful insight into what a normal year's operation and responsible maintenance of the ship should cost. The Advisory Committee's recommendations are that the new organization's initial operations should be modest, frugal and restricted to Connecticut waters, a significant departure from the ship's utilization in recent years, rendering historical data even less relevant.

Nonetheless, the Committee has been able to accumulate enough reliable data from the Receiver and various non-profit organization and maritime experts to project that the ship can be maintained and operated in a lean and responsible manner during its first two years post-receivership on the Governor's proposed grant level. The new organization would have to take advantage of opportunities to raise sufficient and diverse funds in its first two years to supplement the state grant currently suggested by the Governor. Over time, the new organization would need to build an increasing base of support and revenue sources to enable implementation of a carefully planned, gradual expansion of programming and operations for the ship and the organization over succeeding years.

The Committee finds that a new charitable organization with a responsible governance structure and good fiscal planning can maintain and operate the S/V AMISTAD as a meaningful state flagship, resonating an inspirational moment in the State's history, and providing important teaching opportunities to Connecticut's public. The new operating organization should demonstrate in its certificate of incorporation and governing documents compliance with the highest standards of fiduciary and fiscal responsibility, and be obligated to provide annual reporting to the State that demonstrates compliance with these standards, thereby avoiding the repetition of Amistad America's sad history.

While beyond the scope of this Committee's mission and expertise, it must be noted that Amistad America Inc. has amassed significant debts – in excess of \$2 million, some which attaches to the ship's title. Consideration of the proper resolution of liens against the ship is a matter entrusted to the Court and the receivership. Nevertheless, we would be remiss if we did not point out that those liens pose an obstacle to transferring the S/V AMISTAD from the receivership to a new organization to begin sustainable operations. Significant consideration should be given in the near term as to the most appropriate manner for addressing the liens against the ship in order to ensure that this unfortunate chapter in the vessel's history is

closed. The Committee's projections concerning operating costs and the ability to sustain operations within legislative appropriations assume that other financial provision will be made, as necessary, to address the problem. This report should not be construed as suggesting that appropriations or other funding mechanisms to clear title to the ship are unnecessary.

B. Specific Recommendations (these are the assumptions for the attached model budget):

1. The AMISTAD's new operating organization should reflect the highest standards in fiduciary governance and operating practices in its certificate of incorporation, bylaws and other governing and operating documents. Compliance with those standards should be demonstrated in established annual reporting to the State. In addition, the Committee emphatically advises that the new operating entity should scale and rescale operations to available revenue on a regular basis in accordance with good fiscal management, without dependence on loans or other deficit circumstances.

2. Based on available information and input from maritime experts, it is reasonable to project that the new organization can be operated at a minimal but meaningful programming level during the first two years post-receivership for approximately \$400,000 per year, including savings for maintenance and capital replacement accounts. See the attached Schedules 1 and 1A for specific details. Programming at this budget level will allow for ship maintenance and enable minimal staffing for the ship to meet the Coast Guard crew and safety standards for an "attraction vessel" that will not sail with passengers. Instead, the new organization should mount significant dockside and on deck programming for the ship at all Connecticut deep-water ports that can accommodate her draught and provide safe public access, similar to programming that has been approved by the Court for the ship while docked at New London this summer. Paid crew would be supplemented by volunteer support.

3. Year 1 of the new organization should be utilized to maximize goodwill, credibility, and financial viability. The development of the board and fundraising resources should be the primary objectives. Fundraising should occur on the ship and in coordination with educational programming to the extent feasible, in concert with local organizations with which the new entity may share revenues and relationships. Fundraising should commence as soon as the new organization has filed its IRC 501(c)(3) application, as should coordinated public relations and marketing campaigns. In the Committee's judgment, the new operating entity should be able to raise the necessary funds to meet the proposed budget levels over the course of the first year. Unlike most other wooden tall ships, the S/V AMISTAD inspires the public because of its compelling story, and there are so few physical representations from the history of the struggle for emancipation (even as this ship is a 15 year old replica.) This provides heightened fundraising opportunities. The new executive director should be in place by early January 2016 to oversee and drive these activities.

4. The Committee recommends that the new Connecticut nonprofit operating entity develop a robust year round land-based educational program for grades K through 12, for which the S/V AMISTAD will serve as a catalyst and symbol. The attached budget would permit adequate staffing for the development of educational programming on a modest scale initially, with growth supported by fundraising and integration into school curricula. While operations in

which the ship is underway, including both sailing and sail training, are beyond the reach of the new operating entity's lean budget for at least the first year, the new board may consider some appropriately scaled sailing programming in future years. Note that many other tall ships offer sail training opportunities-- this is not what makes the S/V AMISTAD unique and of special import to the taxpayers of this State. A central land-based educational mission will serve and benefit more members of Connecticut's public, and active sailing of the ship should be utilized carefully in the future to complement the educational mission, with great attention given to the control of cost and risk.

5. The Committee's findings are premised upon the State's continued operational funding for the S/V AMISTAD at the Governor's proposed level of approximately \$342,000 per year, running for two years. This will enable the new operating organization to develop a governance structure and mission, a feasible *pro forma* for its operations, and develop new and diverse revenue sources. Thereafter, the State should continue appropriately scaled annual funding permanently to help support maintenance of its flagship.

6. The new operating organization should encourage broad based stakeholders and investment throughout Connecticut, including institutions of higher learning. Opportunities for partnership programming with organizations that include the Amistad Uprising in their own programming should be explored. These may include The Old State House in Hartford, the Amistad Committee, New London's Customs House Maritime Museum and The New Haven Museum. Affiliations should be explored with groups with connections to the Amistad Uprising, such as the U.S. Supreme Court Bar Association, and the Town of Farmington, which hosted the AMISTAD Africans after they prevailed in the U.S. Supreme Court. Given Mystic Seaport's unique expertise and facilities in serving tall wooden ships, and its specific knowledge as the S/V AMISTAD's builder, the Committee encourages the new organization to develop a mutually productive relationship with the Seaport. Relationships with the Connecticut cities and towns that have deep-water piers that would enable the S/V AMISTAD to dock should be established. The new organization should ensure that municipal governments understand the opportunities afforded by hosting the ship, and are aware of what facilities and support requirements are necessary for the ship to dock and operate local educational programming. Over time, relationships with such entities outside of Connecticut may be considered.

7. The new organization should make itself familiar with successful models for the operation of tall ships with land-based educational missions. These may include Sultana Projects, Inc. , a nonprofit in Chestertown, Maryland (sultanaeducation.org); and Soundwaters, a Stamford, a Connecticut nonprofit (www.soundwaters.org) amongst others. The new organization should work to leverage the experience of similar entities, and thereby avoid predictable pitfalls and maximize positive outcomes.

AMISTAD PROJECTIONS-SCHEDULE I (Note 1)

7/1/15-6/30/16 (Note 2)

REVENUES

STATE GRANT	342,000	
CONTRIBUTIONS	50,000	<i>(Note 3)</i>
<u>TOTAL REVENUE</u>	<u>392,000</u>	

EXPENSES:

SHIP:

SALARIES & PAYROLL EXPENSES	135,500	<i>(Schedule IA)</i>
FOOD & CREW EXPENSES	41,000	
FUEL	10,000	
MAINTENANCE	35,500	
CAPITAL EXPENDITURE (for current needs)	40,000	<i>(Note 4)</i>
HAUL OUT	10,000	
OVERWINTER DOCKET	7,000	
	<u>279,000</u>	

ADMINISTRATIVE:

SALARIES & PAYROLL EXPENSES	46,000	<i>(Schedule IA)</i>
RENT	2,000	
INSURANCE	22,000	
BOOKKEEPING & ADMINISTRATIVE	9,000	
EQUIPMENT	3,000	
LEGAL	15,000	
ANNUAL AUDIT	8,000	
MARKETING & FUNDRAISING	8,000	
	<u>113,000</u>	
<u>TOTAL EXPENSES</u>	<u>392,000</u>	

Note 1: Projections should be read with the attached recommendations of the Advisory Committee, which include various assumptions made in compiling these estimates.

Note 2: Year 1 includes both a period in receivership and a period as a new organization, with both utilizing this budget.

Note 3: Fundraising activities will begin upon the formation of the new entity.

Note 4: The Committee recommends that the Board develop and maintain a Capital Improvements and Replacement account at \$120,000. This may take several years.

AMISTAD-SCHEDULE IA
DETAIL OF MAJOR EXPENSES

SHIP SALARIES

CAPTAIN	48,000
FIRST MATE	38,400
DECKHANDS	31,500

117900

PAYROLL TAXES ETC. (15%)	17,600
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135500

ADMINISTRATIVE SALARIES

EXECUTIVE DIRECTOR (6 MONTHS)	40,000	<i>Assume 1/1/16 start date</i>
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PAYROLL TAXES ETC. (15%)	6,000
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46,000

EXHIBIT D

FORM OF PROPOSED ORDER

DOCKET NO. CV14-6053296-S

GEORGE JEPSEN, ATTORNEY	:	SUPERIOR COURT
GENERAL	:	
<i>Plaintiff</i>	:	JUDICIAL DISTRICT OF HARTFORD
	:	
v.	:	
	:	
AMISTAD AMERICA, INC.	:	
	:	
<i>Defendant</i>	:	AUGUST 12, 2015

ORDER

The foregoing motion having been duly considered, the Court hereby grants the Attorney General's motion to

1. Authorize the Receiver to sell the S/V AMISTAD and all of its contents, property and fittings on an "as-is" basis to Discovering Amistad, Inc. in a directed sale;

2. Accept the August 9, 2015 fair market value appraisal of the S/V AMISTAD as prepared by Capt. G.W. Full & Associates, Inc. Marine Surveyors in the amount of \$315,000, "as-is", and authorize the purchase price for the sale transaction to be \$315,000;

3. Authorize the following schedule for the sale program and wind-up of the Receivership, with specific dates for hearings to be calendared by this Court within the designated windows:

8/12/2015 Court Consideration and Approval of Plan for Directed Sale and Fair Market Value Appraisal.

9/18/2015 Filing of Motion for Approval of Asset Sale Agreement.

Notice Provided to Pre-Receivership Claimants of
Motion for Approval of Asset Sale Agreement

9/18/2015	<p>Filing of Motion for Approval of Priorities for Application of Sale Proceeds to Pre-Receivership Claims.</p> <p>Notice Provided to Pre-Receivership Claimants of Motion to Approve Proposed Priorities for Applying Sale Proceeds to Claims</p>
9/18/2015	<p>Notice Provided to Pre-Receivership Claimants of Hearing on October 2, 2015 (or soon thereafter) to Consider the Two Motions Noticed Above for Approval of Asset Sale Agreement and Approval for Priorities of Payment</p>
10/2/2015 (or soon thereafter)	<p>Hearing to Consider Motions to Approve Asset Sale Agreement and Priorities for Payment of Sale Proceeds</p> <p>Consideration of Receiver's Motion for a Receivership Period Claims Procedure.</p>
10/19/15	<p>Mailing of Receivership Period Claims Procedure Order to Universe of Potential Claimants and Notice of Hearing for that Procedure</p>
10/19/15 to 10/23/15	<p>Closing of Sale to be held, with the effective date set as 11/1/15.</p>
11/1/15 12:01 am	<p>Transfer of Title and Responsibility for Ship to Discovering Amistad, Inc.</p>
by 10/22/15	<p>Mailing of Notice of Court Orders Pertaining to Authorization of the Asset Sale Agreement and Priorities for Payment of Sale Proceeds Entered to All Pre-Receivership Claimants.</p>
11/10/15	<p>Bar Date for Receivership Period Claims Procedure</p>
by 11/13/15	<p>Payout of Pre-Receivership Claimants, Pursuant to Court Order.</p>
11/19/15 (or soon thereafter)	<p>Hearing in Receivership Period Claims Procedure</p> <p>Consideration of the Receiver's Motion to Terminate the Receivership by 12/4/15.</p> <p>Consideration of the Attorney General's Motion to Dissolve the Defendant Corporation.</p>

12/4/15 Effective date for termination of receivership.

BY THE COURT

Judge of the Superior Court

Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was delivered to each of the following on August 11, 2015, as represented:

Clerk of the Court
Judicial District Courthouse
95 Washington Street
Hartford, Connecticut 06106
efiled

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